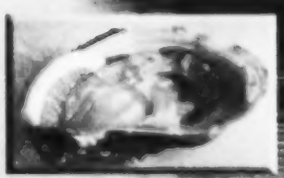
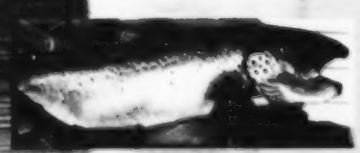
Prince Edward Island
CANADA

Fisheries, Aquaculture and Environment

Aquaculture and Fisheries Research Initiative Inc.

Annual Report 2002/2003





Minister's Message

To the Honourable J. Léonce Bernard
Lieutenant Governor of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May It Please Your Honour:

I have the honour to submit herein the annual report of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the period April 1, 2002, to March 31, 2003.

Respectfully submitted,

Gregory J. Deighan, *Minister*
Fisheries and Aquaculture

105-02736/

PEI Aquaculture and Fisheries Research Initiative Board of Directors

Dave Younker	Chairperson
Paul Neima	Vice Chairman
Wayne Petley	Treasurer
Sandra Gaudet	Member
Michael A. MacDonald	Member
Ken Moyaert	Member
Dr. Tim Ogilvie	Member
Diane Pickering	Member

Mary Kinsman was the Program Officer and Recording Secretary.

Report of the Chairperson Aquaculture and Fisheries Research Initiative Inc.

I am pleased to submit the annual report highlighting the activities of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the 2002-2003 fiscal year.

The corporation was established to encourage short-term applied or developmental aquaculture and fisheries research in partnership with individuals, businesses and organizations.

The corporation is managed by a board of directors representing government, research agencies and industry. The board held one meeting and the Annual Shareholders meeting.

No projects were approved in 2002-2003. One submission was considered and rejected.

In conclusion, I want to express my thanks to all board members for their direction and dedication to the company.

Respectfully submitted,

David A. Younker

Dave Younker, *Chairperson*
Prince Edward Island Aquaculture and Fisheries Research Initiative Inc.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2002 and the statement of revenue, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Murphy, CA

for J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
May 21, 2002

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2002

ASSETS

	2002	2001
Cash	$ 57,696	$ 24,377
Short Term Investments - at cost	761,075	840,602
Accrued Interest	2,392	921
Accounts Receivable - Province of PEI	100,000	50,000
	$921,163	$915,900

LIABILITY AND SHAREHOLDER'S EQUITY

Accrued Liability	$120,786	$171,263
Share Capital - Note 3	100	100
Surplus - Statement 2	800,277	744,537
	$921,163	$915,900

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenue		
Provincial Grant	$100,000	$ 50,000
Interest Revenue	26,798	47,001
	126,798	97,001
Expenditures		
Administration	4,675	5,203
Research Projects	66,383	133,163
	71,058	138,366
Net Income (Loss) for the Year	55,740	(41,365)
Surplus, Beginning of Year	744,537	785,902
Surplus, End of Year	$800,277	$744,537

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ 50,000	$ -
Receipts from Projects	5,825	-
Payments to Projects	(122,548)	(120,072)
Payments for Administration Costs	(4,812)	(5,876)
Interest Received	25,327	53,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,208)	(72,272)
CASH AND CASH EQUIVALENTS		
Balance, Beginning of Year - Note 6	864,979	937,251
Balance, End of Year - Note 6	$818,771	$864,979

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, lobster and processing research in the Province.

2. Commitments

The corporation has approved two research projects providing for future commitments of:

April 1, 2002 - March 31, 2003	$55,515
April 1, 2003 - March 31, 2004	20,000
April 1, 2004 - March 31, 2005	20,000
	$95,515

3. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2002, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Fisheries, Aquaculture and Environment is the sole shareholder.

4. Provincial Administrative Expenses

Costs incurred by the Department of Fisheries, Aquaculture and Environment on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

5. Related Party Transactions

In 1998-99, one Board member was hired to conduct research on a project that has received funding from the Research Initiative. The Research Initiative was to provide $51,635 towards the project's budgeted cash outlay of $74,685. The total amount budgeted to be paid to this Board member was $22,500. The project was cancelled in 2001-02 with AFRI contributing $35,685 towards the total project expenses of $52,088, which included a payment of $17,976 to the Board member. These transactions were made on terms similar to those with unrelated parties and were in accordance with the requirements of the Research Initiative.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2002	2001
Cash on hand and balances with bank	$ 57,696	$ 24,377
Short term investments	761,075	840,602
Total cash and cash equivalents	$818,771	$864,979

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